Directors' report

The directors present their report together with the financial report on the consolidated entity consisting of Select Harvests Limited and the entities it controlled during the year ended 30 June 2001 and the auditors' report thereon.

The names of directors in office at any time during or since the end of the financial year are:

M A Fremder (Chairman)
B P Burns
C G Clark
B J Hanley
D J Williams

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Directors' qualifications

Details of the qualifications, experience, and other directorships and special responsibilities of each director are set out on page 12 of the annual report.

Interests in shares of the Company

As at the date of the report the interests of the directors in the shares of the company and related bodies corporate were:

	Select Harvests Limited Fully paid ordinary shares
Maxwell A Fremder	5,872,091
Brian P Burns	100,000
Charles G Clark	10,000
Brian J Hanley	-
David J Williams	-

Operating results

The consolidated profit from ordinary activities of the economic entity for the financial year after providing for income tax amounted to $6,564,000 (2000: $5,239,000).

Review of operations

Refer to pages 8 to 11 of the annual report.

Significant changes in affairs

Significant changes in the economic entity's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report, are as follows:

On 3 October 2000, the consolidated entity purchased the net business assets of Renshaw Foods. Refer to Note 23 for details.

Principal activities

The principal activities of the economic entity during the financial year were the processing, packaging and marketing of edible nuts, dried fruit and seeds; the growing, processing, packaging and distributing of almonds; the provision of management services and the manufacture of chemically-based pelletised products.

No significant change in the nature of these activities occurred during the year.

After balance date events

In accordance with the strategic alliance entered into with Timbercorp in August 2000 (as outlined on page 18 of the 2000 annual report) Almonds Australia Pty Ltd, a 75%-owned subsidiary of Timbercorp, became entitled to the issue of 1,500,000 options from 31 July 2001, each option relating to one ordinary share in Select Harvests Limited. The options have an exercise price of $1.80 per share, and an expiry date of 31 December 2001.

No other matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

Likely developments

Refer to page 3 of annual report.

Environmental issues

The economic entity's operations are subject to environmental regulations as follows:

The economic entity holds licences issued by the Environmental Protection Authority which specify limits for discharges to the environment which are the result of the economic entity's operations. These licences regulate the management of discharge to the air and stormwater run-off associated with the operations.

There have been no significant known breaches of the economic entity's licence conditions.

Dividends paid or recommended

The dividends paid or declared since the start of the financial year are as follows:

(a) The directors on 15 August 2001 declared a fully franked dividend of $0.06 per ordinary share be paid on 1 October 2001 to members in the books of the company as at close of business on 12 September 2001. $1,970,477

(b) A fully franked interim dividend of $0.04 per ordinary share was paid to members on 6 April 2001. $1,313,651

Share options

Unissued shares

As at the date of this report, under the Employee Incentive Scheme, there were 363,466 unissued ordinary shares under options as follows:

- 222,240 options to take up one ordinary share in Select Harvests Limited at an issue price of $1.05. The options expire on 14 October 2001; and
- 141,226 options to take up one ordinary share in Select Harvests Limited at an issue price of $1.00. The options expire on 30 September 2002.

Current option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

Shares issued as a result of the exercise of options

During or since the end of the financial year, employees have also exercised the option to acquire 16,939 fully paid ordinary shares in Select Harvests Limited at a price of $1.00.

Indemnification and insurance of directors and officers

During or since the financial year, the company has paid premiums in respect of Directors & Officers Liability Insurance. This policy insures the current and former Directors and Officers of the company and its controlled entities against liability. The policy does not specify the premium payable by individual Directors and Officers.

In accordance with the confidentiality provision of the policy, further details of the policy have not been disclosed.

Directors' and other officers' emoluments

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the Chief Executive Officer and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis, by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such executives are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating any incremental cost for the company.

Last year, an independent consultant was recruited to determine the market value of the executives of Select. Plans are underway to align the remuneration packages for the senior executives relative to the median remuneration package for the particular roles, adjusted for factors such as individual performance and the experience and knowledge of the employee.

During the year, the Remuneration Committee implemented market-related Short-Term and Long-Term Incentive schemes as part of the remuneration packages for the employees of the company, based on advice received from the independent consultant. These schemes are planned to enable the participation of a greater number of employees in the schemes in the coming year. Both the Short-Term and Long-Term schemes involve payments up to an agreed proportion of the total fixed remuneration of the employee, with the relevant proportions based on the market-relativity of employees with equivalent responsibilities.

The employee is able to receive payments under the Short-Term Incentive scheme based on the achievement of agreed business plans by the individual. This performance is measured and reported by a balanced scorecard approach.

The Long-Term Incentive scheme involves the issue of options to the employee, with the options vesting over a number of years subject to specified criteria, continued employment, and the company meeting certain earnings per share targets.

Details of the nature and amount of each element of the emolument of each director of the company and each of the five executive officers of the company and the consolidated entity, receiving the highest emolument, for the financial year are as follows.

Emoluments of directors of Select Harvests Limited

	Directors' fees $	Superannuation $	Total $
Maxwell Fremder	55,555	4,445	60,000
Brian Burns	27,778	2,222	30,000
Charles Clark	27,778	2,222	30,000
Brian Hanley	30,000	-	30,000
David Williams	30,000	-	30,000

Emoluments of the five most highly paid executive officers of the company and the consolidated entity

	Salary $	Incentives $	Other benefit $	Options granted $	Superannuation $	Total $
John Bird	206,255	50,000	32,200	-	37,471	325,926
Simon Sharp	92,048	8,000	17,967	-	8,643	126,658
Colin Holland	99,434	-	17,900	-	7,933	125,267
Colin Dawson	83,055	9,000	16,800	-	8,148	117,003
Philip James	79,760	9,000	16,800	-	8,385	113,945

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure. The elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.

Executives are those directly accountable and responsible for the operational management and strategic direction of the company and the consolidated entity.

The category 'Other benefits' includes the value of any non-cash benefits provided and includes FBT where applicable.

Options granted to directors and any of the five most highly paid officers

No options have been granted over unissued shares in Select Harvests Limited during or since the end of the year to any director or any of the officers of the company.

Meetings of directors

Directors	Directors' meetings		Committee meetings			
			Audit committee		Remuneration committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
M A Fremder (Chairman)	15	14	-	-	2	2
B P Burns	15	15	3	3	-	-
C G Clark	15	13	3	3	-	-
B J Hanley	15	13	-	-	2	2
D J Williams	15	13	-	-	2	2

Rounding of amounts

The parent entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly amounts in the financial statements and the directors' report have been rounded off in accordance with the prescribed amounts as set out in the Class Order.

Corporate governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Select Harvests Limited support and adhere to the principles of corporate governance. Refer to pages 14 to 15 of annual report.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors:

Director

M A Fremder (Chairman)

Dated this 28th day of August 2001

Statement of financial performance

for the year ended 30 June 2001

		Economic entity		Parent entity	
$'000	Note	2001	2000	2001	2000
Revenues from ordinary activities					
Sales revenue		**64,996**	43,002	**-**	-
Other revenues from ordinary activities		**325**	193	**9,103**	5,941
	2	**65,321**	43,195	**9,103**	5,941
Expenses from ordinary activities, excluding borrowing costs expense					
Cost of sales		**(47,942)**	(30,746)	**-**	-
Distribution expenses		**(674)**	(392)	**(5)**	(3)
Marketing expenses		**(51)**	(3)	**-**	-
Occupancy expenses		**(12)**	(41)	**(5)**	(38)
Administrative expenses		**(1,016)**	(1,099)	**(881)**	(1,489)
Other expenses from ordinary activities		**(3,370)**	(2,242)	**(899)**	(658)
		(53,065)	(34,523)	**(1,790)**	(2,188)
Borrowing costs expense	3	**(1,996)**	(1,086)	**(2,528)**	(1,284)
Profit from ordinary activities before income tax expense		**10,260**	7,586	**4,785**	2,469
Income tax expense relating to ordinary activities	24	**(3,696)**	(2,347)	**(261)**	(111)
Net profit from ordinary activities after income tax expense attributable to the members of the parent entity	3	**6,564**	5,239	**4,524**	2,358
Increase in asset revaluation reserve	19	**5,072**	-	**-**	-
Increase in retained profits on adoption of new Accounting Standard	20	**1,140**			
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		**6,212**	-	**-**	-
Total changes in equity other than those resulting from transactions with owners as owners	21	**12,776**	5,239	**4,524**	2,358

The accompanying notes form part of these financial statements

Statement of financial position

for the year ended 30 June 2001

		Economic entity		Parent entity	
$'000	Note	2001	2000	2001	2000
Current assets					
Cash assets	4	**5**	370	**3**	673
Receivables	5	**10,309**	6,996	**226**	765
Inventories	6	**11,461**	9,711	**-**	-
Other	7	**1,809**	904	**266**	367
Total current assets		**23,584**	17,981	**495**	1,805
Non-current assets					
Receivables	5	**-**	-	**42,362**	28,889
Other financial assets	8	**4**	4	**12,199**	12,199
Property, plant and equipment	9	**33,494**	34,448	**332**	366
Self-generating and regenerating assets	10	**8,843**	-	**-**	-
Intangible assets	11	**23,966**	18,791	**-**	-
Deferred tax assets	12	**98**	66	**368**	378
Other	7	**-**	247	**-**	-
Total non-current assets		**66,405**	53,556	**55,261**	41,831
Total assets		**89,989**	71,537	**55,756**	43,636
Current liabilities					
Payables	13	**11,120**	15,976	**1,046**	326
Interest-bearing liabilities	14	**2,136**	1,035	**1,394**	34
Current tax liabilities	15	**2,107**	1,465	**289**	107
Provisions	16	**2,685**	2,229	**2,105**	1,957
Total current liabilities		**18,048**	20,705	**4,834**	2,424
Non-current liabilities					
Payables	13	**-**	-	**9,692**	11,820
Interest-bearing liabilities	14	**27,629**	17,004	**26,000**	15,418
Deferred tax liabilities	15	**1,939**	963	**-**	-
Total non-current liabilities		**29,568**	17,967	**35,692**	27,238
Total liabilities		**47,616**	38,672	**40,526**	29,662
Net assets		**42,373**	32,865	**15,230**	13,974
Equity					
Contributed equity	18	**31,124**	31,108	**31,124**	31,108
Reserves	19	**9,458**	4,386	**3,270**	3,270
Retained profits/(accumulated losses)	20	**1,791**	(2,629)	**(19,164)**	(20,404)
Total equity	21	**42,373**	32,865	**15,230**	13,974

The accompanying notes form part of these financial statements

Statement of cashflows

for the year ended 30 June 2001

		Economic entity		Parent entity	
$'000	Note	2001	2000	2001	2000
Cashflow from operating activities					
Receipts from customers		**68,141**	42,575	**-**	-
Payments to suppliers and employees		**(53,908)**	(34,496)	**(692)**	(2,623)
Interest received		**60**	96	**35**	-
Borrowing costs paid		**(1,996)**	(899)	**(1,796)**	(128)
Income tax paid		**(2,675)**	(1,534)	**(68)**	(54)
Net cash provided by operating activities	22(b)	**9,622**	5,742	**(2,521)**	(2,805)
Cashflow from investing activities					
Proceeds from sale of property, plant and equipment		**233**	15	**23**	12
Proceeds from repayment of other debtors		**329**	-	**329**	-
Payment for property, plant and equipment		**(4,014)**	(2,531)	**(36)**	(20)
Payment for other non-current assets		**(14,722)**	(8,173)	**-**	-
Net cash used in investing activities		**(18,174)**	(10,689)	**316**	(8)
Cashflow from financing activities					
Proceeds from share issue		**16**	298	**16**	297
Proceeds from borrowings		**10,600**	7,900	**10,600**	7,900
Repayment of borrowings		**(1,039)**	(960)	**(7,338)**	(2,476)
Dividends paid		**(3,119)**	(2,127)	**(3,119)**	(2,127)
Net cash provided by financing activities		**6,458**	5,111	**159**	3,594
Net increase/(decrease) in cash held		**(2,094)**	164	**(2,046)**	781
Cash at beginning of year		**370**	206	**673**	(108)
Cash at end of year	22(a)	**(1,724)**	370	**(1,373)**	673

The accompanying notes form part of these financial statements

Notes to and forming part of the financial statements

for the year ended 30 June 2001

1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Select Harvests Limited as an individual parent entity and Select Harvests Limited and controlled entities as an economic entity. Select Harvests Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of consolidation

A controlled entity is any entity controlled by Select Harvests Limited. Control exists where Select Harvests Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Select Harvests Limited to achieve the objectives of Select Harvests Limited. Details of the controlled entities are contained in Note 29.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where a controlled entity has entered or left the economic entity during the year its operating results have been included from the date control was obtained or until the date control ceased.

(b) Income tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense shown is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Inventories

All inventories are valued at the lower of cost and net realisable value except for almond stocks which are valued at net market value in accordance with AASB 1037: "Self Generating and Regenerating Assets" - refer below. Cost incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and consumables - Purchase cost on a first-in first-out basis.
- Finished goods - The cost of finished goods comprises direct manufacturing costs and an appropriate proportion of factory overheads based on normal operating capacity.

(c) Change in accounting policy due to adoption of AASB 1037 "Self Generating and Regenerating Assets"

Select Harvests Limited adopted AASB 1037 "Self Generating and Regenerating Assets" with effect from 1 July 2000. Significant accounting policies relating to AASB 1037 are as follows:

Almond trees

Almond trees are classified as a self generating and regenerating asset and valued in accordance with AASB 1037 "Self Generating and Regenerating Assets."

Developing almond trees are valued at their growing cost until the year they achieve economic maturity. The values of economically mature almond trees are calculated using a discounted cashflow methodology. The discounted cashflow calculation incorporates the following factors:

- Almond trees have an estimated 30-year economic life, with crop yields consistent with long-term yield rates.
- Selling prices are based on long-term average trend prices.
- Growing, processing and selling costs are based on long-term average levels.
- Cashflows are discounted at a rate that takes into account the cost of capital plus a suitable risk factor.
- Asset values to be deducted from the cumulative cashflow, to determine the tree value, are based on current valuation and then adjusted annually to account for capital expenditure, depreciation and utilised acreage.

Growing almond crop

The growing almond crop is valued in accordance with AASB 1037 "Self Generating and Regenerating Assets". This valuation takes into account current almond selling prices and current growing, processing and selling costs. The calculated crop value is then discounted to take into account that it is only partly developed, and then further discounted by a suitable factor to take into account the agricultural risk until crop maturity.

New orchards - growing costs

All costs associated with the establishment, planting and growing of almond trees for a new orchard are accumulated for the first three years of that orchard. Once immature trees commence bearing a commercial crop a proportion of the annual growing costs are expensed on the basis of yield achieved as a proportion of anticipated yield of a mature tree. At the end of the eighth year full maturation is deemed to occur, after which the tree is considered to be mature in terms of revenue generation and the annual growing costs are then expensed in full and the almond trees are valued as described above.

Almond stocks Refer to policy Note 1(e)

Almond stocks are valued in accordance with AASB 1037 "Self Generating and Regenerating Assets" whereby the cost of the non-living produce is deemed to be its net market value immediately after it becomes non-living. This valuation takes into account current almond selling prices and current processing and selling costs.

(e) Recoverable amount

Non-current assets are not revalued to an amount above their recoverable amount, and where carrying values exceed their recoverable amount assets are written down.

(f) Property, plant and equipment

Change in accounting policy

The almond trees which were previously reflected in freehold plantation land have been valued in accordance with AASB 1037 "Self Generating and Regenerating Assets".

The directors have elected to apply the revised Accounting Standard AASB 1041 "Revaluation of Non-Current Assets" issued in July 2001 before the mandatory operative date, in accordance with subsection 334(5) of the Corporations Law.

Property, plant and equipment are carried at cost or fair value. Any surplus on revaluation is credited directly to the asset revaluation reserve and excluded from the profit and loss account except where it reverses a previous write down. The carrying amount of property, plant and equipment is regularly reviewed by the directors to ensure that it is not stated above its recoverable amount determined on a present value basis.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount.

Any gain or loss on the disposal of revalued assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds from disposal, and is included in the results of the economic entity in the year of disposal.

Freehold plantation land, water rights, irrigation systems, almond trees and buildings on freehold plantation land

Freehold plantation land, water rights, irrigation systems and buildings on freehold plantation land are regularly reviewed by the directors and if considered necessary, writedowns or increments are made for any permanent changes in the recoverable amount determined on an existing use basis.

The almond trees are valued in accordance with AASB 1037 "Self Generating and Regenerating Assets" - refer to change in accounting policy note.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, other than freehold land and almond trees, at rates calculated to allocate the cost or valuation less estimated residual value at the end of the useful lives of the assets against revenue over those estimated useful lives.

Major depreciation periods are:

Irrigation systems	10 to 40 years
Buildings on freehold land	25 to 40 years
Buildings on leasehold land and leasehold improvements	5 to 10 years
Plant and equipment	5 to 20 years
Leased plant and equipment	5 to 10 years

(g) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entities within the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

(h) Intangibles

Brand names

Brand names are measured at deemed cost on adoption of AASB 1041 "Revaluation of Non-current Assets". Directors are of the view that brand names have an indefinite life and that the depreciable amounts of the company's brand names are either zero or a negligible amount. Brand names are therefore not depreciated. In the event that these views were to change over time, the directors currently believe that the useful lives are of such duration that any annual amortisation charge on brand names would be immaterial.

Goodwill

Goodwill is measured at cost, representing the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity or net assets of a business, is amortised over the period during which benefits are expected to arise. Goodwill is amortised on a straight-line method over 20 years.

(i) Foreign currency transactions and balances

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the economic entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the entities within the economic entity that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using the rate of exchange at the end of the financial year.

All resulting exchange differences arising on settlement or re-statement are brought to account in determining the gain or loss for the financial year.

Specific hedges

Where a purchase or sale is specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of purchase or sale and costs, premiums and discounts relative to the hedging transaction are included with the purchase or sale. Exchange gains and losses arising on the hedge transaction after that date are brought to account in the profit from ordinary activities.

(j) Employee entitlements

Provision is made for the economic entity's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred.

(k) Cash

Cash, for the purposes of the cash flow statement, includes both cash on hand and in bank, readily convertible to cash within two working days, net of outstanding bank overdraft amounts.

(l) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(m) Revenue recognition

Revenue is measured at fair value of consideration received or receivable. Revenue is recognised to the extent that is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Control of the goods has passed to the buyer.

Rendering of services

Where the contract outcome can be reliably measured:

- control of a right to be compensated for the services has been attained and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where the contract outcome cannot be reliably measured:

- revenue is recognised only to the extent that costs have been incurred.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

Dividends

Control of a right to receive a dividend is evidenced by the approval of the dividend at a meeting of the Board of Directors in accordance with the company's constitution.

All revenue is stated net of the amount of goods and services tax (GST).

		Economic entity		Parent entity	
$'000	Note	2001	2000	2001	2000
2. Revenue					
Operating activities					
sale of goods		**64,996**	43,002	**-**	-
Dividends					
Related parties					
controlled entities		**-**	-	**4,250**	2,450
Proceeds from sale of property, plant & equipment		**233**	15	**23**	12
Interest					
Related parties					
controlled entities		**-**	-	**2,581**	889
other persons		**60**	96	**36**	92
Management fees					
Related parties					
controlled entities		**-**	-	**2,196**	2,481
other		**32**	82	**18**	17
Total revenue		**65,321**	43,130	**9,103**	5,941
3. Profit from ordinary activities					
Profit from ordinary activities before income tax expense has been determined after:					
(a) Expenses					
Borrowing costs					
wholly-owned entities		**-**	-	**732**	394
other persons		**1,828**	899	**1,794**	884
Finance charges on capitalised leases		**168**	187	**2**	6
Total of borrowing costs		**1,996**	1,086	**2,528**	1,284
Depreciation of non-current assets					
plant and equipment		**1,577**	1,070	**36**	30
buildings		**386**	357	**2**	-
capitalised depreciation charges on new orchards		**(68)**	(178)	**-**	-
Total depreciation		**1,895**	1,249	**38**	30
Amortisation of non-current assets:					
goodwill		**842**	377	**-**	-
leased plant and equipment		**497**	492	**9**	24
capitalised amortisation charges on new orchards		**(17)**	(65)		
Total amortisation		**1,332**	804	**9**	24
Net expense/(revenue) for movements in provisions					
doubtful debts		**(19)**	19	**-**	-
employee entitlements		**144**	80	**(17)**	59
obsolete inventory		**255**	167	**-**	-
Total movement in provisions		**380**	266	**(17)**	59
Writedown of other debtors		**204**	-	**204**	-
Rental expense on operating leases					
minimum lease payments		**906**	56	**-**	34
(b) Revenue and Net Gains					
Net (gain)/loss on disposal of property, plant and equipment		**-**	26	**-**	5
Foreign currency translation losses/(gains)		**(26)**	-	**-**	-

Notes to and forming part of the financial statements
for the year ended 30 June 2001

		Economic entity		Parent entity	
$'000	Note	2001	2000	2001	2000
4. Cash assets					
Cash on hand		**2**	2	**1**	-
Cash at bank		**3**	368	**2**	673
Total cash assets		**5**	370	**3**	673
5. Receivables					
Current					
Trade debtors		**9,895**	6,010	**-**	-
Less provision for doubtful debts		**-**	(19)	**-**	-
		9,895	5,991	**-**	-
Other debtors		**414**	1,005	**226**	765
Total current receivables		**10,309**	6,996	**226**	765
Non-current					
Amounts receivable from:					
Controlled entities					
other controlled entities		**-**	-	**43,458**	29,984
provision for doubtful debts		**-**	-	**(1,096)**	(1,096)
		-	-	**42,362**	28,888
6. Inventories					
Current					
Raw materials at cost		**5,663**	5,692	**-**	-
Less provision for obsolescence		**(31)**	(31)	**-**	-
		5,632	5,661	**-**	-
Finished goods at cost		**1,314**	1,061	**-**	-
Less provision for obsolescence		**(532)**	(147)	**-**	-
		782	914	**-**	-
Other current inventory		**112**	652	**-**	-
		6,526	7,227	**-**	-
Almond stocks					
at cost		**-**	2,484	**-**	-
at net market value		**4,935**	-	**-**	-
		11,461	9,711	**-**	-
7. Other assets					
Current					
Prepayments		**76**	377	**192**	367
Other current assets		**1,733**	527	**74**	-
		1,809	904	**266**	367
Non-current					
Other non-current assets		**-**	247	**-**	-

		Economic entity		Parent entity	
$'000	Note	2001	2000	2001	2000
8. Other financial assets					
Non-current					
Shares in other listed corporations					
At cost		**4**	4	**4**	4
Shares in controlled entities					
At cost	29	**-**	-	**12,995**	12,995
Less provision for writedown to recoverable amount		**-**	-	**(800)**	(800)
		-	-	**12,195**	12,195
Total other financial assets		**4**	4	**12,199**	12,199
Investments in 100% controlled entities comprise:					
Kyndalyn Park Pty Ltd (incorporated in Victoria)					
at deemed cost - directors' valuation 31 December 1992				**2,606**	2,606
Riverina Pelletising Services Pty Ltd (incorporated in NSW)					
at cost				**2,589**	2,589
Select Home Garden Pty Ltd (incorporated in Victoria)					
at cost				**800**	800
provision for diminution				**(800)**	(800)
Select Harvests Marketing Pty Ltd (previously Chris Leach Enterprises Pty Ltd) (incorporated in Victoria)					
at cost				**7,000**	7,000
Allinga Farms Pty Ltd (incorporated in SA)				**-**	-
				12,195	12,195
9. Property, plant and equipment					
Plantation land					
Freehold land, water rights, and irrigation system					
At cost		**-**	8,311	**-**	-
At directors' valuation 30 June 1996		**-**	13,139	**-**	-
At fair value - directors' valuation 30 June 2001		**16,921**	-	**-**	-
Less accumulated depreciation		**-**	(1,549)	**-**	-
Total freehold plantation land		**16,921**	19,901	**-**	-
Plantation buildings					
Buildings on freehold plantation land					
At cost		**-**	1,169	**-**	-
At directors' valuation 30 June 1996		**-**	1,287	**-**	-
At fair value - directors' valuation 30 June 2001		**2,292**	-	**-**	-
Less accumulated depreciation		**-**	(345)	**-**	-
Total plantation buildings		**2,292**	2,111	**-**	-
Total freehold plantation land and buildings		**19,213**	22,012	**-**	-
Land and buildings					
Freehold land and buildings - at cost		**531**	505	**216**	216
Less accumulated depreciation		**(86)**	(81)	**(20)**	(18)
Total freehold land and buildings		**445**	424	**196**	198
Total land and buildings		**19,658**	22,436	**196**	198

		Economic entity		Parent entity	
$'000	Note	2001	2000	2001	2000
9. Property, plant and equipment (continued)					
Plant and equipment					
Plant and equipment					
At cost		**17,854**	14,114	**454**	422
Less accumulated depreciation		**(7,097)**	(5,561)	**(335)**	(305)
		10,757	8,553	**119**	117
Leased plant and equipment					
Capitalised leased assets at cost		**4,114**	4,608	**32**	78
Less accumulated depreciation		**(1,035)**	(1,149)	**(15)**	(27)
		3,079	3,459	**17**	51
Total plant and equipment		**13,836**	12,012	**136**	168
Total property, plant and equipment		**33,494**	34,448	**332**	366
Revaluations					
A directors' valuation of freehold plantation land, water rights, irrigation systems, and buildings on plantation land was undertaken on 30 June 2001. The valuation was based on an independent valuation prepared by Sam Paton & Associates in August 2000.					
at directors' valuation 30 June 1996		**-**	14,262	**-**	-
at directors' valuation 30 June 2001		**19,213**	-	**-**	-
All valuations are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.					
If these assets were sold at balance date at the valuation amounts, the capital gains tax payable would be $nil for the economic entity as the capital gains tax would be offset by available capital tax losses.					

		Plantation land		Plantation buildings	
		Economic entity	Parent entity	Economic entity	Parent entity
		$'000	$'000	$'000	$'000
(a) Movements in carrying amounts					
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:					
2001					
Balance at the beginning of the year		**19,901**	-	**2,111**	-
Additions		**701**	-	**275**	-
Disposals		**-**	-	**-**	-
Additions through acquisition of entity		**-**	-	**-**	-
Revaluation increments		**5,072**	-	**-**	-
Depreciation expense		**(287)**	-	**(94)**	-
Amounts transferred to SGARA assets	10(a)	**(8,466)**	-	**-**	-
Change in accounting policy		**-**	-	**-**	-
Carrying amount at end of year		**16,921**	-	**2,292**	-
2000					
Balance at the beginning of the year		18,780	-	1,900	-
Additions		1,400	-	285	-
Disposals		-	-	-	-
Additions through acquisition of entity		-	-	-	-
Depreciation expense		(279)	-	(74)	-
Change in accounting policy		-	-	-	-
Carrying amount at the end of the year		19,901	-	2,111	-

		Freehold land and buildings		Plant and equipment	
		Economic entity	Parent entity	Economic entity	Parent entity
	Note	$'000	$'000	$'000	$'000
9. Property, plant and equipment (continued)					
(a) Movements in carrying amounts (continued)					
2001					
Balance at the beginning of the year		**424**	**198**	**8,553**	**116**
Additions		**26**	**-**	**2,368**	**38**
Disposals		**-**	**-**	**(253)**	**(24)**
Additions through acquisition of entity		**-**	**-**	**1,342**	**-**
Depreciation expense		**(5)**	**(2)**	**(1,577)**	**(34)**
Transfer from leased plant and equipment		**-**	**-**	**324**	**23**
Carrying amount at the end of the year		**445**	**196**	**10,757**	**119**
2000					
Balance at the beginning of the year		429	200	5,884	94
Additions		-	-	1,066	19
Disposals		-	-	(16)	(16)
Additions through acquisition of entity		-	-	2,336	-
Depreciation		(5)	(2)	(1,071)	(28)
Write offs		-	-	(21)	-
Transfer from leased plant and equipment		-	-	375	47
Carrying amount at the end of the year		424	198	8,553	116

	Leased plant and equipment	
	Economic entity	Parent entity
	$'000	$'000
2001		
Balance at the beginning of the year	**3,459**	**51**
Additions	**437**	**-**
Depreciation expense	**(493)**	**(11)**
Transfer to plant and equipment	**(324)**	**(23)**
Carrying amount at the end of the year	**3,079**	**17**
2000		
Balance at the beginning of the year	1,816	122
Additions	631	-
Additions through acquisition of entity	1,880	-
Depreciation expense	(493)	(24)
Transfer to plant and equipment	(375)	(47)
Carrying amount at the end of the year	3,459	51

Notes to and forming part of the financial statements
for the year ended 30 June 2001

$'000	Note	Economic entity 2001	Economic entity 2000	Parent entity 2001	Parent entity 2000
10. Self-generating and regenerating assets (SGARA)					
At net market value					
SGARA Almond Trees		**8,843**	-	**-**	-
		8,843	-	**-**	-

	Acres 2001	Acres 2000	Net change $'000 2001	Net change $'000 2000
SGARA assets				
Almond Trees	**2,250**	2,250	**377**	-

	SGARA plantation Economic entity $'000	SGARA plantation Parent entity $'000
(a) Movements in carrying amounts		
2001		
Balance at the beginning of the year	**-**	**-**
Amounts transferred from Freehold Plantation Land to SGARA	**8,466**	**-**
Additions	**640**	**-**
Revaluation increment/(decrement) due to SGARA		
opening retained earnings adjustments (Note 20)	**(55)**	**-**
current year movement	**(208)**	**-**
Carrying amount at the end of the year	**8,843**	**-**

$'000	Note	Economic entity 2001	Economic entity 2000	Parent entity 2001	Parent entity 2000
11. Intangible assets					
Goodwill at cost		**22,314**	16,297	**-**	-
Less accumulated amortisation		**(1,248)**	(406)	**-**	-
		21,066	15,891	**-**	-
Patents, trademarks and licences at cost		**2,900**	2,900	**-**	-
		23,966	18,791	**-**	-
The contingent liability of up to $6 million disclosed in the 30 June 2000 annual report, for the acquisition of the net assets of MunchNuts, crystallised during the year.					
12. Deferred tax assets					
The future income tax benefits comprise					
Timing differences		**98**	66	**368**	378

$'000	Note	Economic entity 2001	Economic entity 2000	Parent entity 2001	Parent entity 2000
13. Payables					
Current					
Unsecured liabilities					
Trade creditors		**3,498**	2,021	**101**	274
Sundry creditors and accruals		**6,771**	13,955	**94**	52
		10,269	15,976	**195**	326
Secured liabilities					
Trade finance loan		**851**	-	**851**	-
		11,120	15,976	**1,046**	326
Non-current					
Unsecured liabilities					
Amounts payable to:					
controlled entities		**-**	-	**-**	-
wholly-owned entities		**-**	-	**9,692**	11,820
		-	-	**9,692**	11,820
14. Interest bearing liabilities					
Current					
Secured liabilities					
Finance lease liability	30	**407**	1,035	**18**	34
		407	1,035	**18**	34
Secured liabilities					
Bank overdrafts		**1,729**	-	**1,376**	-
		2,136	1,035	**1,394**	34
Non-current					
Secured liabilities					
Bills of exchange and promissory notes		**26,000**	15,400	**26,000**	15,400
Lease liability	30	**1,629**	1,604	**-**	18
		27,629	17,004	**26,000**	15,418
15. Tax liabilities					
Current					
Income tax		**2,107**	1,465	**289**	107
Non-current					
Deferred income tax		**1,939**	963	**-**	-

Notes to and forming part of the financial statements

for the year ended 30 June 2001

$'000	Note	Economic entity 2001	Economic entity 2000	Parent entity 2001	Parent entity 2000
16. Provisions					
Current					
Dividends		**1,970**	1,805	**1,970**	1,805
Employee entitlements		**715**	424	**135**	152
		2,685	2,229	**2,105**	1,957
Aggregate employee entitlements liability		**715**	424	**135**	152
The aggregate employee entitlement liability is comprised of:					
Provision (current)		**715**	424	**135**	152
Provision (non-current)		**-**	-	**-**	-
		715	424	**135**	152
Number of employees					
Number of employees at year end was		**202**	144	**7**	7

Employee incentive scheme

Following approval of shareholders in November 1996, an employee incentive scheme was established whereby all eligible employees of the economic entity are issued with options over ordinary shares of Select Harvests Limited. The options, issued for nil consideration, are issued in accordance with certain guidelines. The options are not quoted on the ASX. The total number of options that can be issued under the scheme equates to 5% of the issued capital of Select Harvests Limited.

No further options can be issued under this scheme, however at balance date there were 363,466 options on issue under the scheme. During the period to 30 June 2001, 16,939 options were exercised. All amounts have been received. Since the end of the financial year no options have been exercised.

A new employee incentive scheme is now in place. To date no options have been issued under this scheme (refer to Directors' Report for further details).

The market value of ordinary Select Harvest Limited shares closed at $1.68 on 30 June 2001.

17. Superannuation commitments

The company and its controlled entities contribute to several accumulated benefits plans. The contributions are charged against income as they are made.

From 1 July 2001 contributions by the economic entity of 8% (2000: 8%) of employees wages and salaries are legally enforceable in Australia.

$'000	Note	Economic entity 2001	Economic entity 2000	Parent entity 2001	Parent entity 2000
18. Contributed equity					
Issued and paid-up capital					
32,841,279 (2000: 32,824,340) ordinary shares fully paid		**31,124**	31,108	**31,124**	31,108
Shares issued during the year					
During the year 16,939 options at a conversion price of $1 per share were exercised.					
Share options					
Options over ordinary shares					
Employee Incentive Scheme					
Nil (2000: 158,165) options were issued over ordinary shares	16				
At the end of the year there were 363,466 (2000: 380,405) unissued ordinary shares over which options were outstanding. (Refer to Directors' report for details)					

After balance date events

In accordance with the strategic alliance entered into with Timbercorp in August 2000 (as outlined on page 18 of the 2000 annual report) Almonds Australia Pty Ltd, a 75%-owned subsidiary of Timbercorp, became entitled to the issue of 1,500,000 options from 31 July 2001, each option relating to one ordinary share in Select Harvests Limited. The options have an exercise price of $1.80 per share, and an expiry date of 31 December 2001.

$'000	Note	Economic entity 2001	Economic entity 2000	Parent entity 2001	Parent entity 2000
19. Reserves					
Asset revaluation		**6,187**	1,115	**-**	-
Capital redemption reserve		**3,271**	3,271	**3,270**	3,270
		9,458	4,386	**3,270**	3,270
(a) Asset revaluation reserve for freehold plantation land					
Movement during the year:					
Opening balance		**1,115**	1,115	**-**	-
Revaluation of freehold plantation land		**5,072**	-	**-**	-
Closing balance		**6,187**	1,115	**-**	-
The asset revaluation reserve records the revaluations of non-current assets.					
(b) Capital reserve					
Movement during the year:					
Opening balance		**3,271**	3,271	**3,270**	3,270
Capital reserve		**-**	-	**-**	-
Closing balance		**3,271**	3,271	**3,270**	3,270
20. Retained profits					
Accumulated losses at the beginning of the financial year		**(2,629)**	(5,235)	**(20,404)**	(20,129)
Adjustments to opening retained profits resulting from adoption of new Accounting Standard					
Almond trees		**55**	-	**-**	-
Almond stock		**1,085**			
Net profit/(loss) attributable to members of the entity		**6,564**	5,239	**4,524**	2,358
Dividends provided for or paid		**(3,284)**	(2,633)	**(3,284)**	(2,633)
Retained profits/(accumulated losses) at reporting date		**1,791**	(2,629)	**(19,164)**	(20,404)
21. Equity					
Total equity at the beginning of the financial year		**32,865**	29,961	**13,974**	13,951
Total changes in equity recognised in the Statement of Financial Performance		**12,776**	5,239	**4,524**	2,358
Transactions with owners as owners					
Contributed capital		**16**	298	**16**	298
Dividends		**(3,284)**	(2,633)	**(3,284)**	(2,633)
Total equity at the reporting date		**42,373**	32,865	**15,230**	13,974

Notes to and forming part of the financial statements

for the year ended 30 June 2001

$'000	Note	Economic entity 2001	Economic entity 2000	Parent entity 2001	Parent entity 2000
22. Cashflow information					
(a) Reconciliation of cash					
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:					
Cash on hand		**2**	2	**1**	-
Cash at bank		**3**	541	**2**	673
Bank overdrafts		**(1,729)**	(173)	**(1,376)**	-
		(1,724)	370	**(1,373)**	673
(b) Reconciliation of cashflow from operations with profit from ordinary activities					
Profit from ordinary activities after income tax		**6,564**	5,239	**4,525**	2,358
Non-cash flows in profit from ordinary activities					
Amortisation		**842**	377	**-**	-
Depreciation		**2,375**	1,741	**47**	54
Charges to provisions		**380**	233	**(17)**	59
Finance charges on capital leases		**163**	187	**2**	6
SGARA		**36**	-	**-**	-
Loss on sale of property, plant and equipment		**-**	26	**-**	5
Controlled entities					
Dividends not received in cash		**-**	-	**(4,250)**	(2,450)
Interest paid		**-**	-	**732**	394
Interest received		**-**	-	**(2,581)**	(889)
Management fees received		**-**	-	**(2,196)**	(2,481)
Changes in assets and liabilities, net of effects of purchase and disposal of subsidiaries					
Increase/(decrease) in receivables		**(3,885)**	(2,083)	**-**	-
Increase/(decrease) in other assets		**(396)**	11	**305**	(173)
Increase/(decrease) in inventories		**1,429**	(3,473)	**-**	-
Increase/(decrease) in payables		**1,144**	2,666	**720**	255
Increase/(decrease) in income tax payable		**642**	896	**182**	34
Increase/(decrease) in deferred taxes		**328**	(78)	**10**	23
Net cash provided by operations		**9,622**	5,742	**(2,521)**	(2,805)

(c) Bank overdraft facility

The economic entity and the company have a bank overdraft facility available to the extent of $2,000,000 (2000: $500,000).

As at 30 June 2001 the economic entity and the company had used $1,729,000 (2000: $nil) of the facility.

(d) Commercial bill facility

The economic entity and the company have a commercial bill facility available to the extent of $29,500,000 (2000: $17,500,000).

As at 30 June 2001 the economic entity and the company had used $26,000,000 (2000: $15,400,000) of the facility.

(e) Non-cash financing and investing activities

Please refer to Note 23.

(f) Finance lease transactions

During the financial period the economic entity acquired plant and equipment with an aggregate fair value of $437,000 (2000: $1,998,000) by means of finance leases.

23. Acquisition of business

On 3 October 2000, the consolidated entity acquired the net assets of Renshaw Foods. The acquisition details are:

Consideration	$'000
Cash paid	2,705

Net assets of Renshaw Foods as at 3 October 2000	$'000
Plant & equipment	1,342
Inventory	1,490
Provisions	(127)
Fair value of net tangible assets	2,705

$'000	Note	Economic entity 2001	Economic entity 2000	Parent entity 2001	Parent entity 2000
24. Income tax expense					
The prima facie income tax payable on profit from ordinary activities is reconciled to the income tax expense as follows:					
Prima facie tax payable on profit from ordinary activities before income tax at 34% (2000: 36%)		**3,488**	2,731	**1,627**	889
Add:					
Tax effect of:					
amortisation of goodwill		**286**	136	**-**	-
non-allowable deductions		**-**	5	**-**	(7)
restatement of timing differences		**211**	(154)	**(1)**	75
timing differences which have arisen on adoption of new Accounting Standard		**(173)**			
loss on sale of investment		**-**	(316)	**-**	-
other non-allowable items		**-**	-	**80**	-
Under-provision for income tax in prior year		**8**	507	**-**	-
		3,820	2,909	**1,706**	957
Less:					
Tax effect of:					
rebateable dividends		**-**	-	**(1,445)**	(882)
allowable deductions		**(124)**	-	**-**	-
recognition of tax losses and timing differences not previously brought to account		**-**	(562)	**-**	37
Over-provision for income tax in prior year		**-**	-	**-**	(1)
Income tax expense attributable to profit from ordinary activities		**3,696**	2,347	**261**	111
25. Dividends					
The Directors on 15 August 2001 declared a fully franked dividend of $0.06 per ordinary share be paid on 1 October 2001 to members in the books of the company as at close of business on 12 September 2001. (2000: 5.5 cents)		**1,970**	1,806	**1,970**	1,806
A fully franked interim dividend of $0.04 per ordinary share was paid to members on 6 April 2001. (2000: 2.5 cents)		**1,314**	827	**1,314**	827
		3,284	2,633	**3,284**	2,633
Dividend franking account					
Balance of franking account adjusted for franking credits which will arise from the payments of income tax provided for in the financial year, and after deducting franking credits to be used in payment of the above dividend		**7,760**	4,719	**2,056**	1,648

The tax rates for franking credits are: final dividend - 30% (2000: 34%) interim dividend - 34% (2000: 36%)

Notes to and forming part of the financial statements

for the year ended 30 June 2001

$'000	Processing and marketing 2001	Processing and marketing 2000	Almond orchards 2001	Almond orchards 2000	Management services 2001	Management services 2000	Pesticide products 2001	Pesticide products 2000	Eliminations 2001	Eliminations 2000	Consolidated 2001	Consolidated 2000
26. Segment reporting												
(a) Industry segments												
Operating revenue												
Sales to customers outside the economic entity	46,189	25,356	8,191	11,041	6,932	3,212	3,684	3,393	-	-	64,996	43,002
Intersegment revenue	-	55	3,576	1,655	-	-	732	357	(4,308)	(2,067)	-	-
Other revenue	5	7	220	-	-	-	-	-	-	-	225	7
Unallocated revenue	-	-	-	-	-	-	-	-	-	-	100	186
Total revenue	46,194	25,418	11,987	12,696	6,932	3,212	4,416	3,750	(4,308)	(2,067)	65,321	43,195
Operating profit	2,770	2,277	2,412	2,693	2,641	1,187	1,778	1,399	123	10	9,724	7,566
Unallocated profit											536	20
Consolidated entity Operating profit											10,260	7,586
Segment assets	41,130	32,667	37,164	30,773	8,906	4,456	2,284	1,612	(50)	-	89,434	69,508
Unallocated assets											555	2,029
Total assets											89,989	71,537

The economic entity operates predominantly in four industries: processing and marketing, almond orchards, management services and pesticide products.

The processing and marketing operation packs and markets edible nuts, dried fruits and seeds.

The almond orchards operation comprises the growing, processing and sale of almonds to the food industry, from company-owned almond orchards.

The management services operation involves the sale of a range of management services to external owners of almond orchards, including consultancy, orchard development, tree supply, farm management, land rental, irrigation infrastructure, and processing and marketing.

The pesticide products operation comprises the production of pelletised snail, slug and rodent baits for other marketers.

The basis of intersegment pricing is market price.

(b) Geographical segments

The economic entity operates predominantly within the geographical area of Australia.

$	Note	Economic entity 2001	Economic entity 2000	Parent entity 2001	Parent entity 2000
27. Remuneration of directors					
(a) Directors' remuneration					
Income paid or payable to all directors of each entity in the economic entity by the entities of which they are directors		505,896	472,346	-	-
Income paid or payable to all directors of the parent entity by the parent entity and any related parties		-	-	180,000	178,423

Number of parent entity directors whose income from the parent entity or any related parties was within the following bands:	Parent entity Number 2001	Parent entity Number 2000
$0 - $9,999	-	-
$10,000 - $19,999	-	-
$20,000 - $29,999	-	1
$30,000 - $39,999	4	3
$40,000 - $49,999	-	-
$60,000 - $69,999	1	1
Total number of directors	5	5

The names of directors of the parent entity who have held office during the financial year are:

M A Fremder (Chairman)
B P Burns
C G Clark
B J Hanley
D J Williams

$	Note	Economic entity 2001	Economic entity 2000	Parent entity 2001	Parent entity 2000
28. Remuneration of executives					
Amounts received or due and receivable by executive officers of the economic entity and the company whose remuneration is $100,000 or more from entities in the economic entity or a related party, in connection with the management of the affairs of the economic entity whether as an executive officer or otherwise		993,655	1,017,805	682,111	898,201
The number of executives of the economic entity and the company whose remuneration falls within the following bands:					
$100,000 - $109,999		3	2	-	2
$110,000 - $119,999		2	3	2	2
$120,000 - $129,000		2	-	2	-
$160,000 - $169,999		-	1	-	1
$250,000 - $259,999		-	-	-	-
$280,000 - $289,999		-	1	-	1
$320,000 - $329,999		1	-	1	-
		8	7	5	6

In the opinion of directors, remuneration paid to executives is considered reasonable.

Notes to and forming part of the financial statements

for the year ended 30 June 2001

	Country of incorporation	Percentage owned (%)	
		2001	2000
29. Controlled entities			
(a) Controlled entities			
Parent Entity:			
Select Harvests Group Consolidation	Australia	**-**	-
Subsidiaries of Select Harvests Group Consolidation:			
Riverina Pelletising Services Pty Ltd	Australia	**100**	100
Kyndalyn Park Pty Ltd	Australia	**100**	100
Select Harvests Marketing Pty Ltd	Australia	**100**	100
Allinga Farms Pty Ltd	Australia	**100**	50

		Economic entity		Parent entity	
$'000	Note	2001	2000	2001	2000
30. Capital and leasing commitments					
(a) Finance leasing commitments					
Payable					
Represented by:					
Current liability	14	**407**	1,035	**18**	34
Non-current liability	14	**1,629**	1,604	**-**	18
		2,036	2,639	**18**	52
Finance leases:					
Not later than one year		**1,246**	1,155	**19**	36
Later than one year, not later than five years		**997**	1,711	**-**	19
Later than five years		**-**	-	**-**	-
Total minimum lease payments		**2,243**	2,866	**19**	55
Less: Future finance charges		**(207)**	(227)	**(1)**	(3)
Lease liability		**2,036**	2,639	**18**	52
Current liability		**407**	1,035	**18**	34
Non-current liability		**1,629**	1,604	**-**	18
		2,036	2,639	**18**	52
Later than five years		**2,100**	2,700	**-**	-
Aggregate lease expenditure contracted for at balance date		**5,644**	5,726	**-**	-
31. Contingent liabilities					
Estimates of the maximum amounts of contingent liabilities that may become payable:					
Deeds of cross-indebtedness exist between entities in the wholly owned group					
At as 30 June 2001 the amount guaranteed by the company was		**2,373**	2,587		

32. Related party transactions

(a) The directors of Select Harvests Limited during the financial year were:

M A Fremder

B P Burns

C G Clark

B J Hanley

D J Williams

(b) The following related party transactions occurred during the financial year:

Transactions with related parties in the wholly-owned group which eliminate on consolidation

Loans made by Select Harvests Limited to controlled entities under normal terms and conditions.

Loans made to Select Harvests Limited by controlled entities under normal terms and conditions.

Management fees received by Select Harvests Limited from controlled entities under normal terms and conditions.

Transactions with director-related entities

Select Harvests Limited has an Almond Orchard Management Agreement and a Land Lease Agreement with Maxdy Nominees Pty Ltd, a company in which Mr Maxwell Fremder is a director. Under the terms of the agreements Select Harvests Limited has developed and continues to manage 120 hectares of almond orchard, on a fee basis, for Maxdy Nominees Pty Ltd. In addition Select Harvests Limited will process and sell the entire production of the orchard for the 25-year life of the orchard. An amount of $719,658 was received during the year by Select Harvests Limited in relation to the above contract. The agreements are under normal terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm's length in the same circumstances.

(c) Select Harvests Limited is the ultimate controlling entity.

(d) Equity instruments of directors

(i) Interests in the equity instruments of entities in the consolidated entity held by directors of the reporting entity and their director-related entities at balance date, being the number of instruments held:

	Select Harvests Limited Fully paid ordinary shares	
	2001	2000
Maxwell A Fremder	**5,872,091**	5,872,091
Charles G Clark	**10,000**	-
Brian J Hanley	**-**	-
David J Williams	**-**	-
Brian P Burns	**100,000**	-

(ii) Movements in directors' equity holdings:

During the year the aggregate number of fully paid ordinary shares purchased by directors or their director-related entities was 110,000 (2000: nil)

Notes to and forming part of the financial statements

for the year ended 30 June 2001

33. Financial instruments

(a) Terms, conditions and accounting policies

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instruments, both recognised and unrecognised at the balance date, are as follows:

Recognised financial instrument	Balance sheet note	Accounting policies	Terms and conditions
(i) Financial assets			
Receivables - trade	5	Trade receivables are carried at full amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full amount is no longer probable.	Credit sales are on 30 to 60 day terms.
Other debtors	7	Amounts receivable from other debtors are carried at full amounts due.	Other debtors are normally settled on 30 days from month end unless there is a specific contract which specifies an alternative date.
Receivables - controlled entities	5	Amounts receivable from related parties are carried at full amounts due.	Details of the terms and conditions are set out on Note 5.
Listed shares	8	Listed shares are carried at the lower of cost or recoverable amount. Dividend income is recognised when the dividends are received from the investee.	
Unlisted shares		Unlisted shares are carried at the lower of cost or recoverable amount. Dividend income is recognised when the dividends are received from the investee.	

Recognised financial instrument	Balance sheet note	Accounting policies	Terms and conditions
(ii) Financial liabilities			
Bank overdraft	14	The bank overdraft is carried at the principal amount. Interest is charged as an expense as it accrues.	Interest is charged at the bank's benchmark rate. The bank overdraft is secured by a floating charge over the company's assets.
Trade creditors and accruals	13	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade liabilities are normally settled on 30 days from month end.
Dividend payable	16, 25	Dividends payable are recognised when declared by the company.	Dividends payable represent a final dividend of 6 cents fully franked (2000: 5.5 cents fully franked) per ordinary share for the financial year ended 30 June 2001. The extents to which the dividends are franked, details of the franking account balance as at balance date and franking credits available for the subsequent financial year are disclosed in Note 25.
Finance lease liability	14	The lease liability is accounted for in accordance with AASB 1008.	As at balance date, the economic entity had finance leases with an average lease term of 4 years. The average discount rate implicit in the leases is 7%. The lease liability is secured by a charge over the leased asset.
Commercial bills	14	The commercial bills are carried at the principal amount. Interest is charged as an expense as it accrues.	Commercial bills are usually rolled over every 30 to 120 days. Interest is charged at the market rate. The commercial bill is secured by a charge over the company's assets.
(iii) Equity			
Ordinary Shares	18	Ordinary share capital is recognised at the issue price.	Details of shares issued and the terms and conditions of options outstanding over ordinary shares at balance date are set out in Note 18.
(iv) Derivatives			
Forward exchange contracts	33(e)	The economic entity enters into forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with sales in both foreign and domestic currencies, to protect the company against the possibility of loss resulting from future exchange rate fluctuations, which impact on the Australian price of almonds and sales in foreign currencies. Exchange gains and losses on forward exchange contracts relating to hedges of these specific commitments are deferred and included in the measurement of the sale.	At balance date the company had entered into several forward exchange contracts. Details of the forward exchange contracts are set out at Note 33(e).

33. Financial instruments (continued)

(b) Interest rate risk

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 year to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
$'000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
(i) Financial assets														
Cash	**-**	-	**-**	-	**-**	-	**-**	-	**5**	370	**5**	370	**N/A**	N/A
Receivables - trade	**-**	-	**-**	-	**-**	-	**-**	-	**9,895**	5,991	**9,895**	5,991	**N/A**	N/A
Other debtors									**414**	1,252	**414**	1,252	**-**	N/A
Listed shares	**-**	-	**-**	-	**-**	-	**-**	-	**4**	4	**4**	4	**N/A**	N/A
Unlisted shares	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**N/A**	N/A
(ii) Financial liabilities													**-**	-
Bank overdraft	**1,729**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**9.0%**	10%
Foreign currency loan	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Trade creditors and accruals	**-**	-	**-**	-	**-**	-	**-**	-	**11,120**	15,976	**11,120**	15,976	**N/A**	-
Dividend payable	**-**	-	**-**	-	**-**	-	**-**	-	**1,970**	1,805	**1,970**	1,805	**N/A**	N/A
Finance lease liability	**-**	-	**407**	1,035	**1,629**	1,604	**-**	-	**-**	-	**2,036**	2,639	**7.0%**	7.5%
Commercial bills	**26,000**	15,400	**-**	-	**-**	-	**-**	-	**-**	-	**26,000**	15,400	**6.2%**	7.0%
Forward exchange contracts	**1,227**	300	**-**	-	**-**	-	**-**	-	**-**	-	**-**	300	**N/A**	N/A

33. Financial instruments (continued)

(c) Net fair values

The aggregate net fair values of financial assets and liabilities, both recognised and unrecognised, at the balance date are as follows:

	Total carrying amount as per balance sheet		Aggregate net fair value	
$'000	2001	2000	2001	2000
(i) Financial assets				
Cash	**5**	370	**5**	370
Receivables - trade	**9,895**	5,991	**9,895**	5,991
Other debtors	**414**	1,252	**414**	1,252
Listed shares	**4**	4	**4**	4
Unlisted shares	**-**	-	**-**	-
Total financial assets	**10,318**	7,617	**10,318**	7,617
(ii) Financial liabilities				
Bank overdraft	**1,729**	-	**1,729**	-
Trade creditors and accruals	**11,120**	15,976	**11,120**	15,976
Dividend payable	**1,970**	1,805	**1,970**	1,805
Finance lease liability	**2,036**	2,639	**2,036**	2,639
Forward exchange contracts	**-**	-	**1,227**	300
Commercial bills	**26,000**	15,400	**26,000**	15,400
Total financial liabilities	**42,855**	35,820	**44,082**	36,120

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised financial instruments

Cash, and cash equivalents: The carrying amount approximates fair value because of the short term to maturity.

Trade receivables and payable: The carrying amount approximates fair value.

Short-term borrowings: The carrying amount approximates fair value because of the short term to maturity.

Non-current investments/securities: For financial instruments traded in organised financial markets, fair value is the current quoted market price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the market value of another instrument which is substantially the same or is calculated based on the expected cashflows or the underlying net asset base of the investments/security.

Forward exchange contracts: The fair values of forward exchange contracts is determined as the recognised gain or loss at balance date calculated to current forward exchange rates for contracts with similar maturity profiles.

33. Financial instruments (continued)

(d) Credit risk exposures

The economic entity's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their financial obligations under contract or arrangement. The economic entity's maximum credit risk exposure in relation to these is as follows:

(e) Hedging instruments

Select Harvests Limited has entered into forward exchange contracts at balance date designed as a hedge of anticipated future receipts from forward sales contracts yet to be delivered, which are denominated in US dollars. The settlement dates of the contracts vary.

Forward exchange contracts: The full amount of the foreign currency it will be required to pay or purchase when settling the forward exchange contract should the counterparty not pay the currency it is committed to deliver to the company. At balance date the net amount was $1,227,000 (2000: $300,000).

At balance date, the details of outstanding forward exchange contracts are:

Buy United States dollars	Sell Australian dollars		Average exchange rate	
$'000	2001	2000	2001	2000
Settlement				
Less than 6 months	849	-	0.5205	-
Buy Australian dollars	**Sell United States dollars**		**Average exchange rate**	
Settlement				
Less than 6 months	3,503	3,750	0.5933	0.5895
6 months to 1 year	900	5,000	0.5972	0.6413

		Economic entity		Parent entity	
$	Note	2001	2000	2001	2000
34. Auditors' remuneration					
Amounts receivable or due and receivable by the auditors from entities in the economic entity:					
an audit or review of the financial report of the entity and any other entity in the consolidated entity		**90,680**	46,000	**90,680**	46,000
other services in relation to the entity and any other entity in the consolidated entity		**48,840**	86,994	**48,840**	86,994
		139,520	132,994	**139,520**	132,994

	Parent entity	
	2001	2000
35. Earnings per share		
(a) Basic earnings per share	**$0.20**	$0.16
(b) Diluted earnings per share	**$0.20**	$0.16
(c) Weighted average number of ordinary shares on issue used in calculation of basic earnings per share	**32,838,077**	32,714,664

Directors' declaration

1. In the opinion of the directors of Select Harvests Limited

(a) the financial statements and notes, set out on pages 21 to 46, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the company and consolidated entity as at 30 June 2001 and of their performance, as represented by the results of their operations and the cashflows, for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations; and

(b) there are reasonable grounds to believe that the company will be able to repay its debts as and when they become due and payable.

Dated at Melbourne this 28th day of August 2001

Signed in accordance with a resolution of the directors

M A Fremder (Chairman)

Independent audit report

to the members of Select Harvests Limited

Scope

We have audited the financial report of Select Harvests Limited for the financial year ended 30 June 2001 comprising of the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and Notes to the Financial Statements.

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's and consolidated entity's financial position and performance as represented by the results of their operations and their cashflows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Select Harvests Limited is in accordance with

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

Pitcher Partners

T J Benfold (Partner)

Melbourne 29 August 2001

Additional ASX information

In accordance with the listing requirements of the Australian Stock Exchange Ltd, the directors state that as at 8 August 2001;

(i) The number of holders of each class of quoted security and the voting rights attaching to each class is as follows:

Ordinary shares	**1,301 holders**

Voting rights:

On a show of hands every member present in person or by proxy shall have one vote. On a poll every member present in person or by proxy shall have one vote for each share held by the member in the company.

(ii) A distribution schedule of the Ordinary shares, setting out the number of holders by category, is as follows:

(a)

1 - 1,000	269
1,001 - 5,000	477
5,001 - 10,000	226
10,001 - 100,000	294
100,001 and over	35
Number of holders	**1,301**

(b) Holding of less than a marketable parcel of 500 shares 89

(iii) The names of substantial shareholders are:

Names	Ordinary shares	% held of issued capital
1. Maxdy Nominees Pty Ltd	5,227,609	15.92
2. MF Custodians Pty Ltd	3,312,368	10.09
3. Gresham Rabo Management Ltd	3,283,675	10.00

(iv) The names of the 20 largest shareholders, the number of shares held and the % held of issued capital are:

Names	Ordinary shares	% held of issued capital
1. Maxdy Nominees Pty Ltd	5,227,609	15.92
2. MF Custodians Ltd	3,312,368	10.09
3. Gresham Rabo Management Ltd	3,283,675	10.00
4. Whitloyd Nominees Pty Ltd	1,014,266	3.09
5. Welldon Pty Ltd	909,091	2.77
6. Commonwealth Custodial Services Limited	750,000	2.28
7. Maidtown Pty Ltd	500,000	1.52
8. Frank Hadley Pty Ltd	500,000	1.52
9. Mr P C N Middendorp	408,076	1.24
10. Mr J R Mackinnon	402,003	1.22
11. Longo Pty Ltd	356,893	1.09
12. Thurston Investments Pty Ltd	280,697	0.85
13. B A Conway Pty Ltd	280,000	0.85
14. Mid Manhattan Pty Ltd (Mid Manhattan Superfund A/C)	278,010	0.85
15. Fitzwood Pty Ltd	250,000	0.76
16. B A Conway	228,980	0.70
17. Demidu Pty Ltd	220,000	0.67
18. B A Conway Pty Ltd (Super Fund A/C)	211,496	0.64
19. PAPL Ebsco Pty Ltd (Rand Super Fund)	200,000	0.61
20. Dr John Carey	196,773	0.60

(v) The Company is listed on the Australian Stock Exchange. The home exchange is Melbourne.

Shareholder information

Annual general meeting

The annual general meeting will be held on Friday 19 October 2001 at ASX Theatrette, 530 Collins Street, Melbourne, Victoria commencing at 3:00 pm. A separate notice of meeting has been posted to all shareholders with a copy of this annual report.

2001/02 Calendar

December	Shareholder newsletter posted to all shareholders
February	Announcement of interim results
March	Shareholder newsletter posted to all shareholders
April	Payment of interim dividend
June	Shareholder newsletter posted to all shareholders
August	Announcement of preliminary full year results
September	Annual report mailed to shareholders
October	Payment of final dividend
October	Annual general meeting

Investor relations

Enquiries concerning this annual report may be directed to the Company Secretary in writing, by telephone or facsimile to the registered office, or by email to chholland@selectharvests.com.au

This report, along with other information on Select Harvests, is available on our internet website at www.selectharvests.com.au

Shareholder enquiries

Matters relating to shares held, change of address and tax file numbers should be directed to the Share registry:

Computershare Investor Services Pty Limited
Level 12
575 Bourke Street
Melbourne Vic 3000
Telephone (03) 9611 5711
Facsimile (03) 9611 5710

Directory

Select Harvests Limited
ACN 000 721 380

Registered and principal office
Select Harvests Limited
198 Beavers Road
Northcote Vic 3070

Postal address
PO Box 623
Northcote Vic 3070

Telephone (03) 9489 3544
Facsimile (03) 9489 3588

Email: info@selectharvests.com.au
Website: www.selectharvests.com.au

Board of directors
M A Fremder (Chairman)
B P Burns
C G Clark
B J Hanley
D J Williams

Chief executive officer
J Bird

Company secretary
C Holland

Auditors
Pitcher Partners
Level 6
161 Collins Street
Melbourne Vic 3000
Telephone (03) 9289 9999
Facsimile (03) 9289 9977

Bankers
Australia and New Zealand Banking Group Limited

Share registry
Computershare Investor Services Pty Limited
Level 12
575 Bourke Street
Melbourne Vic 3000
Telephone (03) 9611 5711
Facsimile (03) 3 9611 5710

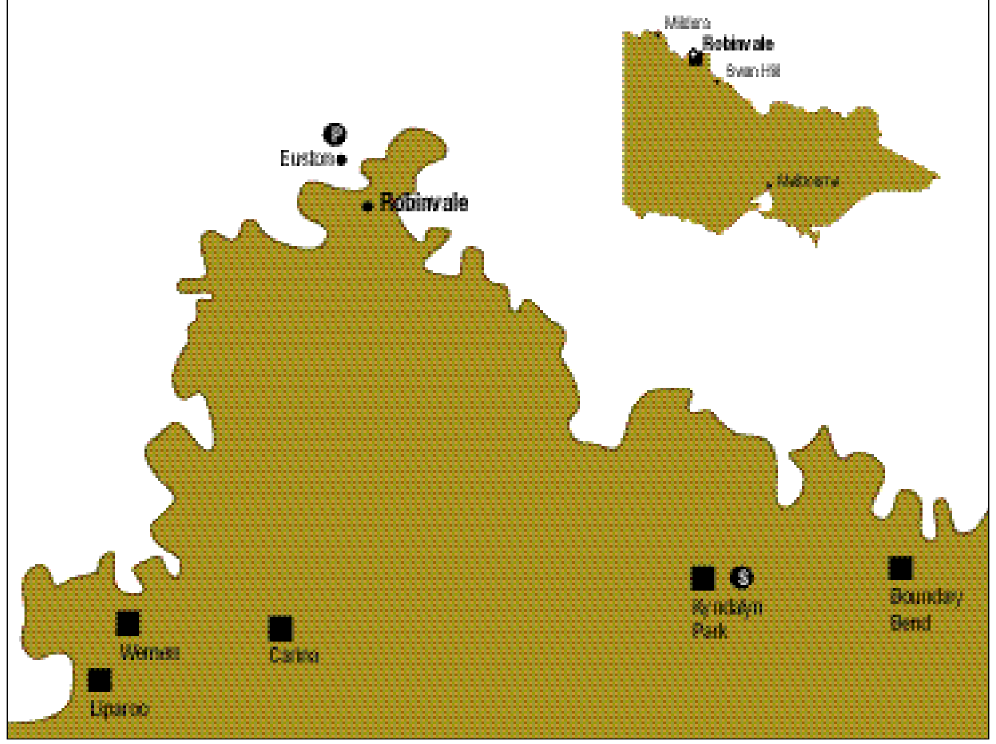
Notes

Location of Select's almond production

Existing orchards

Shelling plant

Processing plant



Design Bluemoon Design **Film** Colorific **Print** John Herrod & Associates